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MAY 2 2011

Successor Coeur d'Alene Custodial Trust606 Columbia St NW
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April 30, 2011

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Seattle, WA 98115

Mr. Shawn Blocker
Coeur d'Alene Team Leader
U.S. EPA
1200 Sixth Ave., Suite 900
Seattle, WA 98115

Ms. Cara Steiner-Riley
Assistant Regional Counsel
Office of Regional Counsel
1200 Sixth Ave., Suite 900
Seattle, WA 98115

SUBJECT: 1st Quarter 2011 Report

Dear Cami, Shawn, and Cara:

Enclosed is the First Quarter 2011 Report for the Successor Coeur d'Alene Custodial Trust. The report consists of:

- a short narrative
- a spreadsheet showing the three account values, in investments and checking
- a cost tracking sheet for the Administrative Budget
- a budget and progress summary report from Maul Foster Alongi.

There are no bank statements or investment documents included in this report, due to the volume of paper, but all Trust financial records are available to EPA upon request.

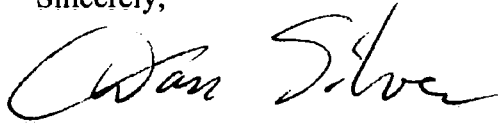
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I certify that the reports are true and accurate to the best of my knowledge, information, and belief.

Sincerely,

A handwritten signature in cursive script that reads "Dan Silver". The signature is written in black ink and is positioned above the printed name and title.

Dan Silver
Trustee

Enclosures

Successor Coeur d'Alene Custodial and Work Trust
1st Quarter 2011

Asset Management

Financial

- The Trust investment accounts were transferred from Wells Fargo to BlackRock from February 28 through March 7. The cost of transition was \$334,702 which was substantially under the predicted cost. Small remnant funding of about \$8,600 resides at Wells Fargo. Small distributions continue to accrue to the Trust. As they are received, they will be transferred to BlackRock for investment.
- BlackRock invested the funds in six different types of assets. Five of the six met their performance metric for the first three weeks. BlackRock invests all of the funds and does not keep a cash reserve.
- The Trust negotiated and signed a contract with Tom Hanly to serve as a special financial advisor for the investment portfolio.
- The Trust established two checking accounts at Wells Fargo, one for the General Work Account and one for the Custodial Account. \$500,000 was transferred from the investment accounts to each of these accounts. All invoices are paid from these two accounts.
- The total value of the three accounts at the beginning of the quarter was \$454,126,320. At the end of the quarter, the total value was \$460,223,402.
- Both the administrative and remediation budgets are exactly on target for the quarter.

Property

- Identification and mapping of mineral claims was mostly completed during the quarter. A draft portfolio was submitted to the Trust for review. The portfolio indicates the Trust has 53 parcels and approximately 946 acres of surface and subsurface lands.
- Following a short competition, the Trust selected Margie Todd of River Ridge Realty in Wallace to represent the Trust in land transactions.
- The Trust submitted timber tax exemption applications to Shoshone County for four parcels.
- Adjacent property owners to Trust properties in Mullan were notified of the Trust's intent to sell certain properties.

- The Trust opened discussions with the City of Mullan to convey two parcels to the Town.
- The State yard clean-up program identified contamination on Trust owned properties near Gem.

Remediation

- Dan Meyer started work on January 2 as the Senior Remediation Project Manager for the Trust. His principal duties are to serve as the primary Trust representative in Idaho and to oversee the Trust's remediation activities.
- Mr. Meyer established and supplied an office in Kellogg. The office can be expanded to hold additional Trust employees.
- The Trust established benefit plans for the Idaho employee(s) including retirement system, health care, unemployment insurance, etc. Mr. Meyer contracted for the development of an employee handbook.
- The Trust made progress on every first quarter item in the 2011 Workplan, although we are approximately one week behind the schedule laid out in January:
 - ✓ A project website was established by the Trust's planning contractor, MFA, which is used to coordinate the exchange of documents and to assist with contracting.
 - ✓ Options were developed and presented to EPA for 2011 fieldwork for East Fork Ninemile Creek.
 - ✓ Two databases were developed, an analytic database and a GIS database. MFA worked with EPA, CH2MHill, and other parties to populate these databases with known current data.
 - ✓ A preliminary programmatic Quality Assurance Program Plan was drafted.
 - ✓ A preliminary Health and Safety plan was drafted.
 - ✓ A solicitation was issued to develop a database of potential contractors with different specialties. 76 firms responded.
 - ✓ Small contracts were developed with the Wallace Mining Museum to assist with historical research of mine and mill sites and with Kenny Hicks to help with property ownership identification.

Pending Issues

- The central issue for the second quarter is to implement EPA's decision on mine and mill site remediation. At this writing, Requests for Proposals are pending. Field work should begin in June (assuming the snow actually melts by June).
- The Trust and EPA need to finalize the Statement of Work for the Trust.
- The Trust needs to develop a property plan to schedule the dispositions of properties approved by EPA.
- Although administrative spending was within the first quarter metric, the pace of spending will likely exceed the budget later in the year.

**Coeur d'Alene Trust
Account Values
1st Quarter 2011**

Wells Fargo Investment Accounts

	<i>General Work Account</i>	<i>Special Work Account</i>	<i>Custodial Account</i>	<i>Total</i>
Beginning Account Value	\$ 404,244,939	\$ 35,482,257	\$ 14,399,124	\$ 454,126,320
Adjusted Wells Fargo income/interest	\$ 5,734,779	\$ 332,885	\$ 257,625	\$ 6,325,289
Disbursements to Trust	\$ (6,009)		\$ (2,189)	\$ (8,198)
Disbursements to Commercial Electronic Office	\$ (500,000)		\$ (500,000)	\$ (1,000,000)
Disbursements to BlackRock	\$ (409,154,500)	\$ (35,788,325)	\$ (14,144,677)	\$ (459,087,501)
Bank Fee	\$ (311,360)	\$ (26,487)	\$ (9,446)	\$ (347,294)
Subtotal	\$ 7,849	\$ 330	\$ 437	\$ 8,617

BlackRock Investment Accounts

Beginning Account Value	\$ -	\$ -	\$ -	\$ -
Received from Wells Fargo	\$ 409,154,500	\$ 35,788,325	\$ 14,144,677	\$ 459,087,502
Change in Value	\$ 241,164	\$ 21,257	\$ 16,861	\$ 279,282
Subtotal	\$ 409,395,664	\$ 35,809,582	\$ 14,161,538	\$ 459,366,784

Wells Fargo Commercial Checking

Beginning Account Value	\$ -	\$ -	\$ -	\$ -
Credits	\$ 500,000	\$ -	\$ 504,800	\$ 1,004,800
Debits	\$ (135,125)	\$ -	\$ (21,674)	\$ (156,799)
Subtotal	\$ 364,875	\$ -	\$ 483,126	\$ 848,001

Total Account Value	\$ 409,768,389	\$ 35,809,912	\$ 14,645,101	\$ 460,223,402
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Successor Coeur D'Alene Custodial and Work Trust
Administrative Budget vs Actual
January through March 2011

Expense

	Custodial (Administrative)		Idaho (General)		Olympia (General)		TOTAL			
	Jan - Mar 11	Budget	Jan - Mar 11	Budget	Jan - Mar 11	Budget	Jan - Mar 11	Budget	%	Balance
62100 - Contract Services										
62110 - Accounting Fees	0.00		0.00		924.57	2,500.00	924.57	2,500.00	36.98%	1,575.43
62120 - Financial Advice	0.00		0.00		5,000.00	50,000.00	5,000.00	50,000.00	10.00%	45,000.00
62140 - Legal Fees	3,133.50	15,000.00	0.00		10,570.00	25,000.00	13,703.50	40,000.00	34.26%	26,296.50
62150 - Outside Contract Services										0.00
62151 - Onsite Coordinator	8,670.00	20,000.00	0.00		0.00		8,670.00	20,000.00	43.35%	11,330.00
62152 - Site Access Protection	0.00	10,000.00	0.00		0.00		0.00	10,000.00	0.00%	10,000.00
62153 - Property Survey	0.00	5,000.00	0.00		0.00		0.00	5,000.00	0.00%	5,000.00
62154 - Site Stabilization	0.00	30,000.00	0.00		0.00		0.00	30,000.00	0.00%	30,000.00
62155 - Realtor Service	125.00	7,500.00	0.00		0.00		125.00	7,500.00	1.67%	7,375.00
Total 62150 - Outside Contract Services	8,795.00	72,500.00	0.00		0.00		8,795.00	72,500.00	12.13%	63,705.00
Total 62100 - Contract Services	11,928.50	87,500.00	0.00		16,494.57	77,500.00	28,423.07	165,000.00	17.23%	136,576.93
62500 - Trustee Fees	2,468.00	9,000.00	0.00		22,212.00	81,000.00	24,680.00	90,000.00	27.42%	65,320.00
62800 - Facilities and Equipment										
62840 - Equipment	0.00		0.00		0.00	4,000.00	0.00	4,000.00	0.00%	4,000.00
62850 - Vehicle	0.00		28,883.62	30,000.00	0.00		28,883.62	30,000.00	96.28%	1,116.38
62880 - Vehicle Fuel and Maintenance	0.00		293.75	5,000.00	0.00		293.75	5,000.00	5.88%	4,706.25
62880 - Property Taxes and Fees	0.00	22,000.00	0.00		0.00		0.00	22,000.00	0.00%	22,000.00
62890 - Rent, Parking, Utilities	95.60		600.00	12,000.00	1,200.00	4,800.00	1,895.60	16,800.00	11.28%	14,904.40
Total 62800 - Facilities and Equipment	95.60	22,000.00	29,777.37	47,000.00	1,200.00	8,800.00	31,072.97	77,800.00	39.94%	46,727.03
65000 - Other Costs										
60920 - Business Registration Fees	0.00		94.53		0.00		94.53	0.00		-94.53
65020 - Postage, Mailing Service	0.00		0.00		51.41		51.41	0.00		-51.41
65040 - Supplies/Office Expenses	106.09		7,345.13	20,000.00	106.09		7,557.31	20,000.00	37.79%	12,442.69
65050 - Telephone, Telecommunications	393.05		995.94	1,500.00	307.90		1,696.89	1,500.00	113.13%	-196.89
65060 - Bank Fees, Penalties	97.95		0.00		122.67		220.62	0.00		-220.62
65160 - Other Costs	0.00		0.00		0.00		0.00	0.00		0.00
Total 65000 - Other Costs	597.09		8,435.60	21,500.00	588.07		9,620.76	21,500.00	44.75%	11,879.24
65100 - Other Types of Expenses										
65120 - Insurance - Liability, D and O	6.99		4,045.49	5,000.00	0.00	2,000.00	4,052.48	7,000.00	57.89%	2,947.52
Total 65100 - Other Types of Expenses	6.99		4,045.49	5,000.00	0.00	2,000.00	4,052.48	7,000.00	57.89%	2,947.52
66000 - Payroll Expenses										
66100 - Salaries & Wages	6,700.00	34,000.00	22,000.02	88,000.00	0.00		28,700.02	122,000.00	23.52%	93,299.98
66200 - Payroll Taxes	759.86		2,883.20	8,979.00	0.00		3,642.86	8,979.00	40.57%	5,336.14
66300 - Employee Benefits	0.00		6,783.00	26,221.00	0.00		6,783.00	26,221.00	25.87%	19,438.00
Total 66000 - Payroll Expenses	7,459.86	34,000.00	31,666.22	123,200.00	0.00		38,125.88	157,200.00	24.88%	118,074.12
68300 - Travel and Meetings										
68320 - Travel	1,367.81	5,500.00	1,906.13	10,000.00	708.93	7,500.00	3,982.87	23,000.00	17.32%	19,017.13
Total 68300 - Travel and Meetings	1,367.81	5,500.00	1,906.13	10,000.00	708.93	7,500.00	3,982.87	23,000.00	17.32%	19,017.13
70000 - Contingency	0.00	5,000.00	0.00	5,000.00	0.00	5,000.00	0.00	15,000.00	0.00%	15,000.00
Total Expense	23,923.85	163,000.00	75,830.81	211,700.00	41,203.57	181,800.00	140,958.03	556,500.00	25.33%	415,541.97

CdA General Trust Support Services
First Quarter 2011 Progress Summary

Program Development MFA #0442.01.03							
Task	Budget	Total 1st Qtr 2011 Charges	Remaining Budget	Budget Expended (Percent)	Percent Complete	Task Description (from 2011 Work Plan)	Comment
01 - Program Planning	\$44,920	\$14,256	\$30,664	32%	85%	Establish specific 2011 Trust assignments with EPA, define scopes.	Budget expended is less than was anticipated, as we expected it would be more weighted towards early 2011. Working with the Trust and EPA on overall program configuration, structure, and related details occurred under this task. Many miscellaneous items (e.g. researching aerial photography services, developing options memoranda, EPA Statement of Work reviews, access agreements support) were/are also being completed in Task 1. No additional substantive items are currently expected under this task. The balance (15%) is set aside for unplanned items.
02 - Data Transfer and Review	\$61,070	\$58,406	\$2,664	96%	57%	Obtain and review information relevant to 2011 work and beyond.	Task 2 was based on the recognition that we did not yet have access to or know the scope of the information that would be made available to us on East Ninemile or other areas. The budget was set assuming a sizable effort would be undertaken early in 2011 in reviewing data and initiating 2011 fieldwork scoping, recognizing that scope finalization and fieldwork would be contingent upon EPA's decision on what work the Trust would complete in 2011 and that it would be addressed through a budget amendment. 2011 fieldwork scoping is nearly complete under this task. The balance of scoping and plan development are accounted for under the budget amendment. We are currently in the process of finalizing the migration of USEPA WQX data into the CDA internal data management system. The Trust plans to contract with an aerial acquisition company to conduct an aerial imagery flight (including surveying support) over the Ninemile basin, which has been allotted to this task. Percent Complete = 1 - (2nd - 4th qtr projected expenditure)/(original budget).
03 - Database Set-Up/Coordination	\$31,600	\$30,021	\$1,579	95%	37%	Set up project database and web site, establish interactivity with USEPA systems.	For 2011 Work Plan development, we made assumptions on the level of effort needed to become fully informed on EPA data management systems, develop compatible Trust database systems, and begin to populate the databases and library. The spatial and document library databases have been completed. In addition, the EQuIS WQX Module database was purchased and set up, which will facilitate the transfer of data to and from the EPA's WQX Warehouse. Work is continuing under this task, with work expected through December 2011. Specifically, we are currently in the process of finalizing the Draft Data Management Plan. In support of future data management efforts, MFA will construct an access database for tracking field data deliverables (e.g., field parameter data, spatial data, COCs, data validations, field notes, site photographs). The existing document library database will be revised to allow for incorporation of mining museum documents. Management of data generated from the 2011 fieldwork will be accounted for under the budget amendment and will not accrue against this task. Percent Complete = 1 - (2nd - 4th qtr projected expenditure)/(original budget).
04 - Quality Assurance Program Plan	\$20,020	\$17,954	\$2,066	90%	75%	Follow USEPA examples and guidance	The Draft Quality Assurance Program was developed and issued to EPA for review. Minor revisions are expected based on comments received. Project-specific QAPPs will be scoped and completed under the budget amendment as planned.
05 - Health and Safety Plan	\$9,590	\$9,501	\$89	99%	67%	Follow USEPA examples and guidance	The draft HASP was issued to the Trust. Minor revisions are needed to make it consistent with EPA's current expectations as recently communicated. Project-specific HASPs will be scoped and completed under the budget amendment as planned.
06 - Communications	\$112,600	\$47,824	\$64,776	42%	50%	Communications with agencies, contractors, stakeholders. RFQs, RFPs, etc.	The first quarter focused on contractor outreach, RFQ database set up, RFQ invitation, and SOQ review and evaluation. The work under this task was expected to be somewhat weighted to the first quarter, due to the building of the RFQ process and database, and the issuance of the first RFQ. These systems will be employed in the future, so subsequent RFQs require much less effort. The budget remaining is expected to be sufficient for future RFQs, SOQ review, etc.
07 - Project Management	\$102,600	\$8,185	\$94,415	8%	25%		Most MFA labor hours have been allotted to specific tasks, and we have allotted a relatively low portion to project management. This is reflected in the fact that we are 25% through 2011 and have expended 8% of the budget.
08 - Travel - Non-Labor Expenses	\$15,840	\$2,807	\$13,033	18%	25%		This task budget is for MFA program-level personnel for travel to the site, EPA etc. All Mine and Mill Site field crew travel is accounted for under the budget amendment.
09 - Meetings	\$76,850	\$13,494	\$63,356	18%	25%		The amount expended to date is slightly lower than expected. We do not have a clear expectation on whether meeting frequency with EPA and others will increase.
Total*	\$475,090	\$202,450	\$272,640	43%	44%		
EPA-Approved Budget:	\$515,000						

* Amount shown is internal Trust budget.

**CdA General Trust Support Services
First Quarter 2011 Progress Summary**

Compost Feasibility Assessment MFA #0442.01.04							
Task	Budget	Total 1st Qtr 2011 Charges	Remaining Budget	Budget Expended (Percent)	Percent Complete	Task Description (from 2011 Work Plan)	Comment
01 - Data Review, Phase 1 Work Plan	\$22,730	\$8,918	\$13,813	39%	50%	Trust has not received data for review; level of effort unknown.	The work completed to date is consistent with expected approach; collect information from multiple sources, assess and compile; kick-off conference call with experts and interested parties. Reporting and scoping for next phase remains to be completed under this task.
02 - Phase 1 Evaluation	\$41,355	\$0	\$41,355	0%	0%	Implemented only if warranted, based on existing data review and needs determination.	No work completed to date. This phase is expected to be warranted and completed in 2011.
Total:	\$64,085	\$8,918	\$55,168	14%	18%		
EPA-Approved Budget:	\$65,000						

* Amount shown is internal Trust budget.

CdA General Trust Support Services
First Quarter 2011 Progress Summary
No Expenditure 1st Qtr

2012 Work Plan, Long Range Program Development			
MFA #0442.01.05			
Task	Budget	Total Charges	Remaining Budget
01 - Long-Range Program Development	\$63,150	\$0	\$63,150
02 - 2012 Work Plan	\$36,000	\$0	\$36,000
Total*:	\$99,150	\$0	\$99,150
EPA-Approved Budget:	\$100,000		

* Amount shown is internal Trust budget.